Michigan Saves®
The Nation's First Nonprofit Green Bank

Request for Applications for Michigan Saves Climate Fund Projects

1. Purpose

Michigan Saves invites project developers, facility owners, and capital providers to propose for Michigan Saves' financing qualified clean energy projects under the United States Environmental Protection Agency's (EPA's) Greenhouse Gas Reduction Fund (GGRF).

Michigan Saves is a proud grant recipient of the GGRF under the Coalition for Green Capital's (CGC's) National Clean Investment Fund (NCIF) award. Michigan Saves will use our funding as financing capital for qualified projects to meet the EPA's mission of reducing greenhouse gas emissions and other air pollutants, while providing meaningful benefit to Michigan communities, particularly low-income and disadvantaged communities (LIDAC).

This Request for Applications (RFA) is an open solicitation and will accept applications on a rolling basis, subject to available funding. This RFA seeks proposals for the Michigan Saves Climate Fund that are not met by existing Michigan Saves residential or commercial products. Proposals will be evaluated in accordance with the requirements and priorities listed in section 3. Financing for individual projects under this RFA must be at least $500,000, with Michigan Saves prioritizing financed amounts over $1 million.

2. About Michigan Saves

Michigan Saves, the nation's first nonprofit green bank, was formed in 2009 with a grant from the Michigan Public Service Commission and subsequent grant funding from the United States Department of Energy. Michigan Saves is dedicated to accessible, equitable, and just investments in energy efficiency and clean energy to support healthy and thriving communities. Michigan Saves is part of this transformation by offering the financing solutions and contractor network that make energy efficiency and renewable energy improvements easy and affordable.

To date, Michigan Saves has facilitated over $650 million in clean energy investments by offering a loan loss reserve to mitigate risk for local lenders that finance these projects. Michigan Saves also manages a statewide network of more than 1,100 authorized contractors with expertise in energy efficiency and onsite renewable energy systems. Pertinent to this RFA, Michigan Saves will be using its

GGRF funding as loan capital and/or credit enhancements for projects that fall outside the scope of existing Michigan Saves financing programs.

Michigan Saves is governed by a 13-member board of directors. The board includes a nonvoting board member appointed by the chair of the Michigan Public Service Commission. See MichiganSaves.org for more information.

3. Qualified Projects and Priorities for Financing

This section outlines the minimum requirements and additional priorities for selecting suitable projects for Michigan Saves financing under this RFA for the Climate Fund. These criteria are subject to change based on grant requirements applicable to Michigan Saves. Conformance with these criteria does not guarantee financing will be made available.

Minimum Requirements:

1. Investments must be for projects located in Michigan.
2. Projects must meet the statutory definition of "Qualified Projects" as defined by the Inflation Reduction Act of 2022 and conform to the GGRF's National Clean Investment Fund (NCIF) criteria.[1] Examples of projects include renewable energy (behind and front of meter), energy efficiency, net zero buildings, thermal energy networks, energy storage, and building and transportation electrification. See Appendix A for additional detail.
3. Projects must fall outside the scope of existing Michigan Saves' financing programs including residential and commercial financing options (see MichiganSaves.org for further details).
4. Eligible borrowers: Local or Tribal governments, nonprofit organizations, educational institutions, financial institutions, and for-profit entities. (Under this RFA, Michigan Saves will not lend directly to residential borrowers but could be a capital provider for residential projects through a financial intermediary, such as on-bill financing with a partnering utility in conformance with Public Act 342 of 2026 for rate-regulated utilities or Public Act 408 of 2014 for municipal utilities.)
5. Recipients must demonstrate the ability and commitment to comply with GGRF requirements including Davis Bacon and Related Acts and Build America Buy America, as applicable.
6. Amounts financed by Michigan Saves must be at least $500,000, with target project sizes greater than $1 million.

[1] See Inflation Reduction Act of 2022, Section 134, Paragraph C,3: https://www.congress.gov/bill/117th-congress/house-bill/5376/text/enr

Priorities for Financing:

- **Priority Investment Areas:** Michigan Saves will prioritize projects that are in or directly benefit low-income and disadvantaged communities as defined by EPA for the NCIF. See Appendix A for additional detail. On a portfolio basis, a minimum of 50 percent of the investments made under this RFA must be into LIDACs. Michigan Saves encourages projects that will help exceed this target. Michigan Saves also seeks to invest in rural and Tribal communities.

  Michigan Saves will also prioritize the GGRF's three priority project categories: distributed generation and storage, decarbonization retrofits of existing buildings, and zero emissions transportation. See Appendix A for additional information.

- **Ability to provide meaningful benefit to Michigan Saves' communities:** Michigan Saves seeks projects that directly support our mission of promoting accessible, equitable, and just investments in energy efficiency and clean energy to support healthy and thriving communities.

  We also seek projects that support the MI Healthy Climate Plan and the State of Michigan's energy-related grant and incentive programs administered by the Department of Environment, Great Lakes, and Energy and the Michigan Public Service Commission.

- **Financeability/Execution Readiness:** Michigan Saves seeks projects that demonstrate an ability to finalize and manage the transaction, ensuring alignment with Michigan Saves' criteria and readiness to deploy funds and meet all requirements. Michigan Saves seeks projects that are able to close on the financing as expeditiously as possible and no later than December 15, 2025, for this initial round.
- **Leverage:** Michigan Saves seeks projects that leverage the GGRF funding with non-federal dollars with a goal of 4 to 1 leverage ratio on a portfolio basis. This can come in the form of other financing, utility rebates, grants, tax incentives, non-federal incentives, and owner equity.
- **Scalability and Impact:** Michigan Saves is interested in projects involving large-scale and/or innovative applications or business models to deploy clean energy technologies. This includes, but is not limited to, projects that aggregate clean energy projects and related financing for end-use customers. In addition, Michigan Saves is interested in technology applications to drive energy equity, operational efficiencies, and market transformation. The scalability, replicability, and benefits of the transaction structure will be considered. Impacts of expected investment include energy savings, greenhouse gas reductions, equitable access, resilience, community ownership, and workforce development.

4. Available Financing

This RFA is designed for custom financing arrangements and is not prescriptive in nature. Michigan Saves will consider the following financing products and instruments and can tailor structures to meet the needs of qualifying projects and Michigan Saves' mission-based investment strategy:

- Senior and subordinated loans
  - Bridge loans
  - Construction loans
  - Term loans
  - Working capital loans
- Loan loss reserves and other credit enhancements
- Participation in other lenders' loans (pari passu or other)
- Bonds or notes, including financing in conformance with revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821
- Lease agreements or installment purchase agreements including agreements authorized under Act 99 of 1933 for public entities

5. Application Process

Note to Lenders: Lenders interested in Michigan Saves participating in their loans to lower the overall interest rate and/or provide credit enhancements should not use this application process and should contact Michigan Saves directly at info@MichiganSaves.org.

Step 1 (Pre-Application Consultation): Michigan Saves encourages interested parties to contact Michigan Saves via Michigan Saves' online portal at bit.ly/climatefundintake to engage in a brief, pre-application consultation to determine if the submittal of an application is appropriate given the project scope and other details.

Step 2 (Initial Application Submittal): Because Michigan Saves prioritizes financeability/execution readiness, projects must be well-defined prior to submission, and applications must include all the information requested below. Please submit any questions and/or requests for clarification to info@MichiganSaves.org.

Initial Application Contents

Following the Step 1 pre-application consultation with Michigan Saves, please submit an initial application containing the information below via our online portal at bit.ly/climatefundapp. Note that additional information may be requested by Michigan Saves as part of the underwriting and due diligence process.

A. Qualifications and Priorities for Financing

Provide a written summary of the project, including a description of how the project meets the minimum requirements and priorities for financing outlined in Section 3. This must include a description of how the project meets the GGRF's definition of a "qualified project" and LIDAC applicability as outlined in Appendix A.

B. Description of the Sponsor and Other Parties

Provide descriptions and roles for all parties involved including but not limited to the building owner and operator, project developer, energy services companies, subcontractors, and other capital providers. Please highlight the relevant experience and skills of key personnel within these parties and include bios or Linkedin profiles as appropriate.

C. Business Plan and Financial Structure

Provide a detailed write-up of the overall financing structure, Michigan Saves' role in the financing, and proposed terms. Please include a transaction diagram and the financial model demonstrating the project's economics and the ability to repay Michigan Saves' financed amounts. This section must also include a "sources and uses" table that identifies all other financing such as equity, senior or subordinated debt, tax equity, grants, etc. Please indicate which of these sources have been secured or are yet to be secured. As necessary, provide debt schedules for senior or subordinated debt.

D. Project Schedule

Provide a project schedule that describes the timeline and major milestones necessary to complete the project. Milestones include all of the completed and remaining engineering, procurement, and construction; obtaining all necessary permits; utility coordination; etc.

E. Expected Energy Savings, Energy Generations, and GHG reduction

Please provide the energy generation and/or energy savings estimates associated with the project and the corresponding greenhouse gas emissions reduction estimates. If there are other meaningful benefits to LIDAC, rural or Tribal communities, please also include a written description of those benefits.

6. Evaluation Process and Criteria

Within two weeks of submittal, initial applications will be reviewed against the requirements and priorities outlined in Section 3, and applicants will be notified if the proposal meets the minimum criteria. If an initial application does not meet the minimum criteria, feedback will be provided as to why the proposal did not qualify.

Applications that meet the minimum criteria will continue into a thorough due diligence process focusing on impact and credit analysis, compliance, and progress toward an agreement-in-principle, and conditions precedent. Offers are contingent on passing the due diligence process and approval by Michigan Saves' credit committee.

7. Terms and Conditions

This RFA does not commit Michigan Saves to agree to participate in any transaction, proceed to negotiate any terms or definitive documentation, nor pay any costs incurred in preparing a proposal. Michigan Saves reserves the right to accept or reject any or all proposals received and cancel part or all of this RFA. Michigan Saves selecting a proposal through this RFA is not an offer.

Financing is subject to the availability of funds and the balancing of projects (type, location, impact, risk, tenor) in Michigan Saves' portfolio to meet Coalition for Green Capital and Environmental Protection Agency requirements.

Appendix A – GGRF Minimum Requirements, Priority Project Categories, and LIDAC Definition

The following criteria for a "qualified project" apply to projects to be financed through the Michigan Saves Climate Fund. These criteria are taken verbatim from EPA's guidance for the GGRF. EPA's definition of LIDAC for purposes of the GGRF is also referenced below.

Qualified Project

Qualified Project: Section 134(c)(3) of the Clean Air Act provides that a Qualified Project is any project, activity, or technology that (A) reduces or avoids greenhouse gas emissions and other forms of air pollution in partnership with, and by leveraging investment from, the private sector; or (B) assists communities in the efforts of those communities to reduce or avoid greenhouse gas emissions and other forms of air pollution. For this Assistance Agreement, Qualified Project means any project, activity or technology meeting all six requirements listed below at the time that Financial Assistance is provided to the project, activity, or technology:

- The project, activity, or technology would reduce or avoid Greenhouse Gas Emissions, consistent with the climate goals of the United States to reduce Greenhouse Gas Emissions 50-52 percent below 2005 levels in 2030, reach 50 percent zero-emission vehicles share of all new passenger cars and light trucks sold in 2030, achieve a carbon pollution-free electricity sector by 2035, and achieve net-zero emissions by no later than 2050. The project, activity, or technology may reduce or avoid such emissions through its own performance or through assisting communities in their efforts to deploy projects, activities, or technologies that reduce or avoid such emissions.
- The project, activity, or technology would reduce or avoid emissions of other Air Pollutants. The project, activity, or technology may reduce or avoid such emissions through its own performance or through assisting communities in their efforts to deploy projects, activities, or technologies that reduce or avoid such emissions.
- The project, activity, or technology would deliver additional benefits (i.e., in addition to primarily reducing or avoiding emissions of greenhouse gases and other Air Pollutants) to communities within one or more of the following seven categories: climate change; clean energy and energy efficiency; clean transportation; affordable and sustainable housing; training and workforce development; remediation and reduction of legacy pollution; and development of critical clean water infrastructure.
- The project, activity, or technology may not have otherwise been financed.
- The project, activity, or technology would mobilize private capital.
- The project, activity, or technology would support only commercial technologies, defined as technologies that have been deployed for commercial purposes at least three times for a period of at least five years each in the United States for the same general purpose as the project, activity, or technology.

Priority Project Categories

Priority Project Categories: Priority Project Categories means Distributed Energy Generation and Storage, Net-Zero Emissions Buildings, and Zero-Emissions Transportation, as defined below.

- *Distributed Energy Generation and Storage:* Projects, activities, and technologies that deploy small-scale power generation and/or storage technologies (typically from 1 kW to 10,000 kW), plus enabling infrastructure necessary for deployment of such generation and/or storage technologies. Projects, activities, and technologies within this category must support carbon pollution-free electricity, which is electrical energy produced from resources that generate no carbon emissions, consistent with the definition specified in Executive Order 14057 (Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability).
- *Net-Zero Emissions Buildings:* Projects, activities, and technologies that either (1) retrofit an existing building, making a substantial contribution to that building being a net-zero emissions building and as part of a plan for that building achieving net-zero emissions over time, or (2) construct a new net-zero emissions building in a Low-Income and Disadvantaged Community. A net-zero emissions building is a building that meets the requirements of Version 1 of the National Definition for a Zero Emissions Building (June 2024).
- *Zero-Emissions Transportation:* Projects, activities, and technologies that deploy zero-emissions transportation modes, plus enabling infrastructure necessary for zero-emissions transportation modes—especially in communities that are overburdened by existing diesel pollution, particulate matter concentration, and degraded air quality. Projects, activities, and technologies within this category must be consistent with the zero-emissions transportation decarbonization strategies in The U.S. National Blueprint for Transportation Decarbonization.

LIDAC Definition

Low-Income and Disadvantaged Communities: Section 134(a)(3) of the Clean Air Act appropriates funds "for the purposes of providing financial assistance and technical assistance in low-income and disadvantaged communities." Low-Income and Disadvantaged Communities means CEJST-Identified Disadvantaged Communities, EJScreen-Identified Disadvantaged Communities, Geographically Dispersed Low-Income Households, Properties Providing Affordable Housing, and Federally Recognized Tribal Entities, as defined below.

- *CEJST-Identified Disadvantaged Communities:* All communities identified as disadvantaged through version 1.0 of the Climate and Economic Justice Screening Tool (CEJST), released on November 22, 2022, which includes census tracts that meet the thresholds for at least one of the tool's categories of burden and land within the boundaries of Federally Recognized Tribes.
- *EJScreen-Identified Disadvantaged Communities:* **All communities** within version 2.2 of EJScreen **that fall within either** (a) the limited supplemental set of census block groups that are at or above the 90th percentile for any of EJScreen's supplemental indexes when compared to the nation or

state or (b) geographic areas within Tribal lands as included in EJScreen, which includes the following Tribal lands: Alaska Native Allotments, Alaska Native Villages, American Indian Reservations, American Indian Off-reservation Trust Lands, and Oklahoma Tribal Statistical Areas.

- *Geographically Dispersed Low-Income Households:* Low-income individuals and households living in Metropolitan Areas with incomes not more than 80% AMI or 200% FPL (whichever is higher), and low-income individuals and households living in Non-Metropolitan Areas with incomes not more than 80% AMI, 200% FPL, or 80% Statewide Non-Metropolitan Area AMI (whichever is highest). Federal Poverty Level (FPL) is defined using the latest publicly available figures from the U.S. Department of Health and Human Services. Area Median Income (AMI) is defined using the latest publicly available figures from the U.S. Department of Housing and Urban Development (HUD). Metropolitan Area and Non-Metropolitan Area are defined using the latest publicly available figures for county-level designations from the Office of Management and Budget. Statewide Non-Metropolitan Area AMI is defined using the latest publicly available figures from the U.S. Department of the Treasury's CDFI Fund, with an adjustment for household size using HUD's Family Size Adjustment factor.
- *Properties Providing Affordable Housing:* Properties providing affordable housing that fall within either of the following two categories: (a) multifamily housing with rents not exceeding 30% of 80% AMI for at least half of residential units and with an active affordability covenant from one of the following housing assistance programs: (1) Low-Income Housing Tax Credit; (2) a housing assistance program administered by HUD, including Public Housing, Section 8 Project-Based Rental Assistance, Section 202 Housing for the Elderly, Section 811 Housing for Disabled, Housing Trust Fund, Home Investment Partnership Program Affordable Rental and Homeowner Units, Permanent Supportive Housing, and other programs focused on ending homelessness that are funded under HUD's Continuum of Care Program; (3) a housing assistance program administered by USDA under Title V of the Housing Act of 1949, including under Sections 514 and 515; (4) a housing assistance program administered by a Tribally designated housing entity, as defined in Section 4(22) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 USC § 4103(22)); or (5) a housing assistance program administered by the Department of Hawaiian Homelands as defined in Title VIII of the Native American Housing Assistance and Self-Determination Act of 1996 (24 CFR 1006.10) or (b) naturally-occurring (unsubsidized) affordable housing with rents not exceeding 30% of 80% AMI for at least half of residential units.
- *Federally Recognized Tribal Entities:* All Federally Recognized Tribal entities, which are considered disadvantaged regardless of whether a Federally Recognized Tribe has land, consistent with M-23-09 and CEJST.